

INVEST IN AZORES

AZORES BUSINESS DEVELOPMENT SOCIETY

1. Starting a Business

Starting a business online

The 'Empresa Online' service provides the ability to set up commercial companies and non-corporate business entities online, such as single shareholder companies, private limited companies and public limited companies.

Excluded are companies in which capital contribution is paid in kind and European public limited companies.

This service can be accessed via the official Portuguese Business website ('Portal da Empresa') at www.portaldaempresa.pt and requires the use of a computer with internet connection and authentication through a digital certificate.

Setting up a business through this method entails a minimum cost of €220.

The procedures to set up a business online can be found at <http://goo.gl/UUGMKo>.

Starting a business 'on the spot'

The 'Empresa na Hora' service provides the ability to set up a single shareholder company, private limited company or public limited company in less than an hour. All procedures are completed in one single contact point, provided that the members have all the necessary documents with them. The company is set up instantly at one of the 'Empresa na Hora' bureaus available across the country.

Setting up a business through this method entails a minimum cost of €360.

The procedures to set up a business 'on the spot' can be found at <http://goo.gl/tKZX7M>.

Starting a business (traditional method)

The traditional method of setting up a company has undergone a few changes in Portugal. Some of the steps that did not require personal visits to certain bureaus can now be done online.

However, anyone can choose to set up a business following the traditional method. In this case, entrepreneurs should seek information about all the steps and documents required throughout the process.

Costs for setting up a business through this method may vary, but are not lower than the amount specified in the above section.

The procedures to set up a business following the traditional method can be found at: <http://goo.gl/w6PWsS>

Source: *Portal da Empresa and Registo Nacional de Pessoas Coletivas*

2. Legal Forms of Business

The most common legal forms adopted by companies are described below.

Single Shareholder Company

A single shareholder company (*Sociedade Unipessoal por Quotas*) is a private company limited by shares whose membership is reduced to one person. This person is the sole shareholder.

In the event of debts, liability is limited to the assets of the company. In other words, personal assets are not used to pay off any debt incurred in the activity of the company, which holds independent assets.

Setting up a single shareholder company requires the realization of share capital in cash or payment in kind, although this can be deferred in time, and there is no minimum value for share capital.

Private Limited Company

In a private limited company (*Sociedade por Quotas*), the capital is divided into shares and the joint liability of shareholders is restricted to the amount which they have paid or agreed to pay in the contract of the business society.

The minimum number of shareholders of a private limited company is limited to two and the Law does not allow non-equity partners. All shareholders must invest with cash or payment in kind.

There are two aspects to shareholders' liability: (1) limited liability and (2) joint liability. It is limited to the amount invested in share capital. This means that only company assets can be used to pay creditors and shareholders are not personally liable for the debts and liabilities of the company. It is joint to the extent that, in the case of share capital not fully realized at the time of signing the contract of the business society, shareholders are jointly liable for the complete realization of all the entries entered into the contract (even if only one of the members does not comply).

A private limited company is managed by one or more persons, designated as Managers. They do not have to be shareholders of the company.

There is no minimum value for share capital.

Public Limited Company

In a Public Limited Company (*Sociedade Anónima*), the capital is divided into shares and the liability of each shareholder is limited to the amount they invested in shares.

The minimum number of shareholders required to form a Public Limited Company is five, whether natural or legal persons. Nevertheless, it is possible to incorporate a public limited company with a single shareholder provided that it is another company (legal person).

The minimum share capital is €50,000 divided into shares, all with equal nominal value.

Two separate corporate governance models can be adopted for public limited companies: through an Executive Board of Directors or a Supervisory Board. The Audit Committee is charged with the oversight of the company's audit and control functions and may include a Chartered Accountant or Statutory Auditor.

These companies are limited liability companies in the strict sense of the term because shareholders limit their liability to the amount of shares they subscribed. Thus, business creditors can only reach business assets.

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This form of business allows for members to enter and exit freely. On the other hand, financing is also made easier, either by issuing new shares or by bank financing.

These companies may be listed on a stock exchange and are, therefore, subject to supervision by the Portuguese Securities Market Commission (CMVM).

Disclaimer

This document is for information purposes only. It partially reflects but does not disclose completely nor substitute the knowledge of the full legislation governing incentives in Portugal. SDEA is available to assess specific business plans and to determine how specific investments may qualify for incentives packages and what, if any, type of packages may be applicable to the investment.